

# HIDALGO COUNTY HEALTH CARE FUNDING DISTRICT RULES AND PROCEDURES

## General Provisions

**Rule 1. Definitions.** In these rules and procedures:

(a) "Commission" means the commission of the Hidalgo County Health Care Funding District.

(b) "District" means the Hidalgo County Health Care Funding District.

(c) "Paying hospital" means an institutional health care provider required to make a mandatory payment by the District.

(d) "Institutional health care provider" means a nonpublic hospital licensed under Chapter 241 of the Texas Health & Safety Code.

(e) "Fiscal year" means the District's fiscal year, which begins ~~on September 1 and ends on August 31~~ **on September 1 and ends on September 30** of each year. (Amended 9/21/2021)

**Rule 2. Purpose of Mandatory Payments; Correction of Invalid Provision or Procedure.**

(a) The purpose of the mandatory payments required by the District is to provide the nonfederal share of a Medicaid supplemental payment program.

(b) To the extent any provision or procedure under Chapter 288 of the Texas Health & Safety Code causes a mandatory payment to be ineligible for federal matching funds, the District may provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services.

**Rule 3. Abolishment of District; Distribution of Funds on Abolishment.**

(a) The District may be dissolved in the matter provided for the dissolution of a hospital district under Subchapter E, Chapter 286 of the Texas Health & Safety Code.

(b) Notwithstanding subsection (a), the District is abolished on December 31, 2016.

(c) The Hidalgo County Commissioners Court will refund to each paying hospital the proportionate share of any money remaining in the local provider participation fund created by the District at the time the District is abolished.

**Rule 4. District Boundaries.** The boundaries of the District are coextensive with the boundaries of Hidalgo County.

## District Administration

**Rule 5. Commission; District Governance.**

(a) The District is governed by the Commission consisting of the Hidalgo County Commissioners Court.

(b) The Hidalgo County Commissioner or County Judge will serve on the Commission as an additional duty of his or her office.

(c) The District is a component of Hidalgo County government and is not a separate political subdivision of the state of Texas.

**Powers and Authorities**

**Rule 6. Limitation on District's Authority to Require Mandatory Payment.** The District may require a mandatory payment from paying hospitals only in the manner provided in these rules and procedures.

**Rule 7. Majority Vote Required Prior to Mandatory Payment.**

(a) The District may not require any mandatory payment from paying hospitals without an affirmative vote of a majority of the members of the Commission.

(b) Before requiring a mandatory payment in any one year, the Commission must obtain the affirmative vote required by Subsection (a).

(c) The votes in Subsections (a) and (b) will take place after a public hearing required by Rule 9.

**Rule 8. Institutional Health Care Provider Reporting; Inspection of Records.**

(a) The District will require an institutional health care provider to submit to the District a copy of any financial and utilization data required by and reported to the Department of State Health Services under Texas Health & Safety Code Sections 311.032 and 311.033 and any rules adopted by the department to implement those sections.

(b) The District may inspect the records of an institutional health care provider to the extent necessary to ensure that the provider has submitted all required data under this Rule.

**General Financing Provisions**

**Rule 9. Public Hearing.**

(a) Each year, the Commission of the District will hold a public hearing on the amounts of any mandatory payments that the Commission intends to require during the year and how the revenue derived from those payments is to be spent.

(b) Before the public hearing but not later than the 10th day before the date of the hearing, the Commission will publish at least once notice of the hearing in a newspaper of general circulation in Hidalgo County.

(c) Representatives of paying hospitals are entitled to appear at the time and place designated in the public notice and to be heard regarding any matter related to the mandatory payments required by the District.

**Rule 10. District's Depository.**

(a) The Commission by resolution will designate one or more banks located in the District as the depository for the District.

(b) A bank designated as the District's depository will serve for two years or until a successor is designated.

(c) All income received by the District, including the revenue from mandatory payments remaining after discounts and fees for assessing and collecting the payments are deducted, will be deposited with the District's depository as provided by Rule 18 and may be withdrawn only as provided by these rules and procedures.

(d) All District funds will be secured in the manner provided for securing Hidalgo County funds.

**Rule 11. Creation of Local Participation Fund.** The District will create a local provider participation fund which will consist of:

(a) all revenue from the mandatory payments required by the District, including any penalties and interest attributable to delinquent payments;

(b) money received from the Health and Human Services Commission as a refund of an intergovernmental transfer from the District to the state for the purpose of providing the nonfederal share of Medicaid supplemental payment program payments, provided that the intergovernmental transfer does not receive a federal matching payment; and

(c) the earnings of the fund.

**Rule 12. Authorized Uses of Local Participation Fund.**

(a) The District will use the money deposited to the local provider participation fund only for the following purposes:

(1) to fund intergovernmental transfers from the District to the state to provide:

(A) the nonfederal share of a Medicaid supplemental payment program authorized under the state Medicaid plan, the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315), or a successor waiver program authorizing similar Medicaid supplemental payment programs; or

(B) payments to Medicaid managed care organizations that are dedicated for payment to hospitals; (amended 4/18/2017)

(2) to subsidize indigent programs;

(3) to pay the administrative expenses of the District;

(4) to refund a portion of a mandatory payment collected in error from a paying hospital;

(5) to refund to paying hospitals the proportionate share of the money received by the District from the Health and Human Services Commission that is not used to fund the nonfederal share of Medicaid supplemental payment program payments; and

(6) refund to paying hospitals the proportionate share of money that the District determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments. (amended 4/18/2017)

(b) Money in the local provider participation fund may not be commingled with other Hidalgo County funds.

(c) An intergovernmental transfer of funds described by Rule 12(a)(1) and any funds received by the District as a result of an intergovernmental transfer described by that subdivision may not be used by the District, Hidalgo County, or any other entity to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

**Rule 13. Allocation of Certain Funds.** Not later than the 15th day after the date the District receives a payment described by Rule 12(a)(5), the District will transfer to each paying hospital an amount equal to the proportionate share of those funds to which the hospital is entitled.

### **Mandatory Payments**

**Rule 14. Mandatory Payments Based on Hospital Net Patient Revenue.**

(a) Except as provided by Rule 16(b), the Commission of the District may require an annual mandatory payment to be assessed [**no more frequently than**] quarterly on the net patient revenue of an institutional health care provider located in the District.

(b) For the first year in which the mandatory payment tax is required, the mandatory payment will be assessed on the net patient revenue of an institutional health care provider as determined by the data reported to the Department of State Health Services under Texas Health & Safety Code Sections 311.032 and 311.033 in the fiscal year ending in 2010.

**Rule 15. Amounts of Mandatory Payments.**

(a) The Commission of the District will set the amount of the mandatory payment required of each paying hospital and will update the amount of the mandatory payment on a biennial basis [**although the amount may be updated more frequently**].

(b) The amount of a mandatory payment required by the District must be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the District.

(c) The amount of the mandatory payment required of each paying hospital may not exceed an amount that, when added to the amount of the mandatory payments required from all other paying hospitals in the District, equals an amount of revenue that exceeds six percent of the aggregate net patient revenue of all paying hospitals in the District.

(d) Subject to the maximum amount prescribed by Rule 15(c), the Commission will set the mandatory payments in amounts that in the aggregate will generate

sufficient revenue to cover the administrative expenses of the District, to fund the nonfederal share of a Medicaid supplemental payment program, and to pay for indigent programs, except that the amount of revenue from mandatory payments used for administrative expenses of the District in a year may not exceed the lesser of four percent of the total revenue generated from the mandatory payment or \$20,000.

**Rule 16. Restrictions Regarding Mandatory Payments.**

(a) A mandatory payment may not [be used to] hold harmless any institutional health care provider, as required under 42 U.S.C. Section 1396b(w).

(b) An institutional health care provider may not add a mandatory payment required by the District as a surcharge to a patient.

**Rule 17. Assessment and Collection of Mandatory Payments.**

(a) Except as provided by Rule 17(b), the Hidalgo County Tax Assessor & Collector will collect the mandatory payments required by the District. The Hidalgo County Tax Assessor & Collector will charge and deduct from the mandatory payments collected for the District a fee for collecting the mandatory payments. Such fee will be determined by the Commission and will not exceed the Hidalgo County Tax Assessor-Collector's usual and customary charges.

(b) If determined by the Commission to be appropriate, the Commission may contract for the assessment and collection of mandatory payments in the manner provided by Title 1 of the Texas Tax Code, for the assessment and collection of ad valorem taxes.

(c) Revenue from a fee charged by the Hidalgo County Tax Assessor & Collector for collecting the mandatory payments will be deposited in the Hidalgo County general fund and, if appropriate, will be reported as fees of the Hidalgo County Tax Assessor & Collector.

**Rule 18. Deposit of Revenue from Mandatory Payments.** Revenue from the mandatory payments will be deposited in the District's local provider participation fund.

**Rule 19. Interest, Penalties and Discounts.** Any interest, penalties, and discounts on mandatory payments required by the District are governed by the law applicable to county ad valorem taxes.